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Message Text

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44
ACTION AID-59

INFO OCT-01 EA-11 ADP-00 EB-11 IGA-02 CIAE-00 INR-10

NSAE-00 RSC-01 AGR-20 TRSE-00 L-03 OMB-01 SS-15 NSC-10

PRS-01 RSR-01 DODE-00 /146 W
---------- 110139
P 161217 Z JUN 73
FM AMEMBASSY PHNOM PENH
TO SECSTATE WASHDC PRIORITY 1714
INFO AMEMBASSY BANGKOK PRIORITY
AMEMBASSY SAIGON PRIORITY
CINCPAC PRIORITY

C O N F I D E N T I A L PHNOM PENH 5980

C O R R E C T E D C O P Y (TEXT)

FOR STATE/ AID

E. O. 11652: GDS
TAGS: EAID, EAGR, CB, TH
SUBJECT: RICE SITUATION

REF (A) STATE 1173-4; (B) PHNOM PENH 5934 (C) PHNOM PENH 5766

1. SUMMARY . THE GKR IS PREPARING TO SEND A HIGH LEVEL DELEGATION CONSISTING OF THE FOREIGN MINISTER, MINISTER OF COMMERCE, AND THE PRESIDENT- DIRECTOR GENERAL OF SONEXIM TO SEEK THE PURCHASE OF 10,000 METRIC TONS OF THAI RICE. IN THE MEAN-WHILE, THE RICE SITUATION WITHIN COUNTRY CONTINUES TO DETERIORATE RAPIDLY AND WITH ROUTE 5 BEING DECLARED INSECURE, AS WELL AS ROUTE 4 BEING CLOSED, STOCKS OF RICE IN PHNOM PENH ARE DWINDLING TO A VERY DANGEROUSLY LOW LEVEL. UNLESS ADD-ITIONAL RICE CAN BE BROUGHT TO PHNOM PENH SHORTLY, STOCKS IN THE CITY COULD BE DEPLETED BEFORE THE END OF JUNE. END SUMMARY.

2. IN A CONVERSATION THIS MORNING SAPHOIN SARASY, MINISTER OF COMMERCE ADVISED ACTING ECONOMIC COUNSELOR SOHLIN THAT THE
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GOVERNMENT HAD DECIDED YESTERDAY IN THE COUNCIL OF MINISTERS MEETING TO SEND A DELEGATION TO THAILAND TO SEEK THE PRUCHASE OF 10,000 TONS OF THAI RICE. THE DELEGATION WILL BE COMPOSED OF THE FOREIGN MINISTER, MINISTER OF COMMERCE, AND THE PRESIDENT- DIRECTOR GENERAL OF SONEXIM, AS WE RECOMMENDED IN REF. B. ACCORDING TO SAPHON SARASY, THE FOREIGN MINISTER CONTACTED THE THAI AMBASSADOR YESTERDAY AFTERNOON TO REQUEST THAT THE AMBASSADOR TRANSMIT TO HIS GOVERNMENT THE FOREIGN MINISTER' S DESIRE TO SEE THE PRIME MINISTER. THE FOREIGN MINISTER HAS ALSO ADVISED THE KHMER AMBASSADOR IN THAILAND OF THIS PROPOSED VISIT. IN THE MEANTIME, HOWEVER, AS INDICATED IN REF. C, THE KHMER AMBASSADOR IN BANGKOK AND MR YI SEANG ARE ALREADY COLLABORATING TO PREPARE A REQUEST FOR A QUOTA OF RICE FROM THAILAND.

3. IN THE MEANWHILE, THE RICE SITUATION WITHIN COUNTRY IS DETERIORATING RAPIDLY. SINCE THE OPENING OF ROUTE 5, THE GKR HAS BEEN ABLE TO MOVE ONLY 775 METRIC TONS OF RICE IN TWO CONVOYS FROM BATTAMBANG TO PHNOM PENH BEFORE THE ROUTE WAS DECLARED TO BE INSECURE AND TRAFFIC WAS HALTED ON JUNE 15. WITH ROUTE 4 CUT, STOCKS OF RICE IN PHNOM PENH ARE DROPPING RAPIDLY. AS OF JUNE 15, STOCKS OF RICE IN PHNOM PENH (INCLUDING THE 775 METRIC TONS ARRIVING ON THE JUNE 13 AND 14 TH CONVOYS) TOTALLED APPROXIMATELY 7,904 METRIC TONS OR 11 DAYS' SUPPLY IF THE CURRENT RATE OF 700 METRIC TONS PER DAY CONTINUES. AN ADDITIONAL 1,650 METRIC TONS ARE EXPECTED TO ARRIVE ON THE JUNE 18 TH MEKONG CONVOY BUT THIS WILL ADD ONLY ENOUGH RICE TO CARRY STOCKS UNTIL JUNE 28 WHEN TWO BARGES OF RICE CARRYING ABOUT 3,000 METRIC TONS ARE EXPECTED.

4. SINCE THE PROSPECTS FOR OPENING ROUTE 4 IN THE IMMEDIATE FUTURE DO NOT APPEAR GOOD AND ROUTE 5 IS QUESTIONABLE, WE ARE ATTEMPTING TO ARRANGE FOR A SPECIAL MEKONG RICE CONVOY WHICH WE HOPE CAN BE CARRIED OUT IN BETWEEN THE REGULAR CONVOYS SCHEDULED ON JUNE 18 AND 28. (WITH THE ARRIVAL OF THE RUTH LYKES, STOCKS IN KOMPONG SOM STAND AT 14,804 METRIC TONS.)

5. IN ADDITION TO ARRANGING FOR A SPECIAL RICE CONVOY WE PLAN TO DO EVERYTHING POSSIBLE TO CURB THE PRESENT HIGH DISTRIBUTION RATE. (IN THE TWO DAYS BEFORE THE PRICE INCREASED, A TOTAL OF 2,190 M/ T WAS DISTRIBUTE D.) IN OUR MEETING WITH SAPHON SARASY THIS MORNING CONFIDENTIAL

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WE STRESSED THE URGENCY OF TAKING IMMEDIATE STEIS TO RDUCE DISTRIBUTION. SARASY SAID THAT HE HAD BEEN INSTRUCTED TO REDUCE THE RICE DISTRIBUTION RATE AND THOUGHT IT MIGHT BE LOWERED TO 600 M/ T PER DAY. ON MONDAY WE PLAN TO MEET AGAIN WITH SARASY IN AN EFFORT TO REDUCE THE DISTRIBUTION RATE FURTHER TO 550 M/ T PER DAY.

6. WITH RESPECT TO OTHER RELATED RICE MATTERS DURING THE CONVERSA-

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TION WITH SAPHON SARASY THIS MORNING, KHUN CHUP OF SORAPA WAS CALLED IN TO DISCUSS THE RICE SITUATION IN BATTAMBANG. IN ADDITION TO THE ECONOMIC MEASURES ADOPTED BY THE COUNCIL OF MINISTERS YESTERDAY WHICH HAVE BEEN TRANSMITTED SEPARATELY, THE GKR HAS AUTHORIZED SORAPA TO PAY THE FOLLOWING PRICES FOR RICE IN BATTAMBANG:

1/15	5,200 RIELS
1/25	5,000 RIELS
1/50	4,500 RIELS
2/50	4,000 RIELS
BROKENS 1/2	3,200 RIELS

KHUN CHUP SAID THAT AT THE ABOVE PRICES HE BELIEVED SORAPA COULD PRODUCE A MINIMUM OF 10,000 M/ T OF MILLED RICE. IN ADDITION, SORAPA HAS 4,000 TONS IN ITS WAREHOUSE IN BATTAMBANG AND SATRAR HAD 5,000 TONS IN BATTAMBANG. WE POINTED OUT TO KHUN CHUP THAT THIS 19 ,000 TONS WAS FAR SHORT OF THE 27,000 M/ T RECENTLY ESTIMATED TO BE IN BATTAMBANG. KHUN CHUP INDICATED THAT SORAPA MIGHT BE ABLE TO PURCHASE MORE THAN 10,000 M/ T. WE RECOMMENDED THAT SORAPA DO WHATEVER WAS NECESSARY TO BUY AS MUCH RICE AS POSSIBLE. WE POINTED OUT THAT SHOULD THERE BE FINANCIAL CONSTRAINTS, WE WOULD BE PREPARED TO MAKE ADDITIONAL COUNTERPART ADVANCES FOR THIS PURPOSE. FYI : MILLINGTON IS IN BATTAMBANG THIS WEEKEND TO MAKE AN INDEPENDENT ASSESSMENT OF THE RICE SUPPLY SITUATION THERE. WE WILL REPORT ON THIS AFTER HIS RETURN. END FYI.
SWANK

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